



ESTADO LIBRE ASOCIADO DE PUERTO RICO

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October 6, 2009

Sr. Rubén A. Hernández Gregorat
Executive Director
Puerto Rico Highway and Transportation
Authority
Roberto Sánchez Vilella Government Center
South Building, 17th Floor
Santurce, PR 00907

Dear engineer Hernández:

The Board of Directors of Government Development Bank for Puerto Rico (the Bank), adopted Resolution 9195 to authorize a revolving credit facility of \$20,000,000 to the Puerto Rico Highway and Transportation Authority (the Authority). The proceeds of this facility will be applied only to projects approved and to be funded by the *American Reinvestment and Recovery Act (ARRA)* and the *Federal Highway Administration (FHWA)*.

This facility is subject to the following terms and conditions:

1. Revolving line of credit for the benefit of the Authority in an amount of \$20,000,000, which purpose is the financing of costs incurred or to be incurred in the acquisition, construction, equipping, installation and development of improvements to the facilities chargeable to the capital account of the Authority, and approved and to be funded by the FHWA, on certain federal regulations or the ARRA, is hereby authorized (the "Loan"). Proceeds of the Loan will be used to pay such costs or to reimburse the Authority's Construction Fund, created and established under Resolution No. 68-18, adopted by the Authority on June 13, 1968, as amended, (the "1968 Resolution"), or the Authority's Construction Fund created and established under Resolution 98-06 adopted by the Authority on February 26, 1998, as amended (the "1998 Resolution") (collectively, the "Resolutions"), for the payment of such costs.
2. The principal amount of the Loan shall mature and be due and payable on August 31, 2010. Said principal amount shall be payable from proceeds of federal reimbursements on payments done by the Authority for the Project, from amounts available from the Authority's Construction Funds established under the Resolutions, or from any other available moneys of the Authority. The President of the Bank is hereby authorized to extend further, if necessary, the maturity date of the Loan from

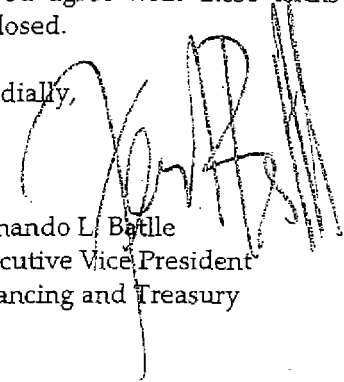
Eng. Rubén A. Hernández Gregorat
PRHTA - Line of Credit \$20,000,000
October 6, 2009
Page 2

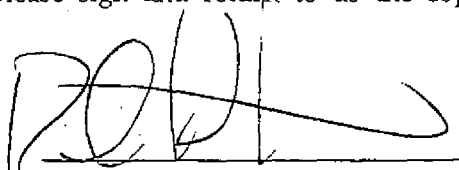
time to time, but in no event will the maturity of the Loan be extended beyond August 31, 2012. The Loan shall bear interest until paid in full at a rate or rates per annum determined in accordance with the Loan Agreement, to be entered by and between the Bank and the Authority (the "Loan Agreement"). Interest shall be payable monthly in arrears not later than the tenth Banking Day (as defined in the Loan Agreement) following receipt from the Bank of the statement referred to in the next sentence of this paragraph, from amounts available from the respective Construction Funds established under the Resolutions, or from any other available moneys of the Authority. Each month the Bank shall furnish to the Authority a written statement showing the amount of interest due and payable by the Authority on the Loan for the preceding month. The Authority may prepay the Loan at any time without penalty or premium. The Loan shall be junior and subordinate to outstanding bonds of the Authority and shall be subject to certain other terms and conditions, to be included in the Loan Agreement.

3. The execution and delivery by the President, the Executive Vice President, any Senior Vice President, or any Vice President of the Bank, of the Loan Agreement by and between the Bank and the Authority are hereby authorized. Upon the execution and delivery of the Loan Agreement, the Authority shall execute a note in the principal amount of the Loan.
4. If there is no disbursement activity on this additional loan for a period of six months after its approval by the Board of Director of the Bank, the loan shall be cancelled automatically.
5. This Resolution is intended to be a declaration of official intent under U.S. Treasury Department Regulation Section 1.150-2.
6. The President, the Executive Vice President, any Senior Vice President, or any Vice President of the Bank are hereby authorized to take all actions necessary of them to carry out the provisions of this Resolution.
7. The provisions of this Resolution shall become effective immediately upon its adoption.

If you agree with these terms and conditions, please sign and return to us the copy enclosed.

Cordially,


Fernando L. Batlle
Executive Vice President
Financing and Treasury


Eng. Rubén A. Hernández Gregorat

10/20/09

Date